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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

August 2, 2016

CERTIFIED RETURN RECEIPT
7015 0640 0001 4528 8267

Taylor Holliday
Holliday Construction
700 E. Brown Canyon Road
Blanding, Utah 84511

Subject: Greater Than Five-Year Period of Suspension and Five-Year Review of Reclamation Surety, Holliday Construction, Lime Ridge Mine, M/037/0081, San Juan County, Utah

Dear Mr. Holliday:

Recent annual inspections for the Lime Ridge mine, permit number M/037/0081, have shown that equipment has come and gone from the site, and materials have been moved, but annual reports indicate there has been no production since 2010. Rule R647-4-117.3 states: "The operator shall give the Division prompt written notice of a termination or suspension of large mining operations expected to exceed five (5) years." Rule R647-4-117.4 says, ". . . Reclamation of a large mining operation may be required after five (5) years of continued suspension. The Division will require complete reclamation of the mine site when the suspension period exceeds 10 years, unless the operator appeals to the Board [of Oil, Gas and Mining] prior to the expiration of the 10-year period and shows good cause for a longer suspension period." Please submit the notice required by R647-4-117.3 by August 31, 2016. The Division will review the notice and determine if a period of suspension greater than five years is warranted.

The last reclamation cost estimate for this mine was \$61,700 in 2016 dollars. The current disturbed area is measured at 11 acres. After an inspection visit to verify site conditions, the Division of Oil, Gas and Mining finds that it is only necessary to escalate the present surety for a five-year period and not to make adjustments for changes in the mine operations.

The required surety for the Lime Ridge quarry escalated to 2021 dollars is **\$63,890.00** which is based on escalation figures shown in the table on the following page. Please provide the updated surety no later than August 31, 2016.



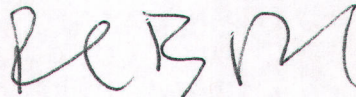
Table 1: Escalation Based on 0.7%/year Inflation Factor

<u>Year</u>	<u>Bond Amount</u>	<u>Esc Factor</u>	<u>Increase</u>	<u>Total</u>
2016	\$61,700.00	0.007	\$431.90	\$62,131.90
2017	\$62,131.90	0.007	\$434.92	\$62,566.82
2018	\$62,566.82	0.007	\$437.97	\$63,004.79
2019	\$63,004.79	0.007	\$441.03	\$63,445.82
2020	\$63,445.82	0.007	\$444.12	\$63,889.95
2021	\$63,890.00			

The current surety is in the form of two letters of credit. You may provide a letter of credit, a surety bond, a certificate of deposit, or cash for either the increased or total amount. The Division will release your current reclamation surety if you provide a new surety for the full amount. Please contact the minerals program bond coordinator, Penny Berry, at 801-538-5291 or by e mail at pennyberry@utah.gov for further information about submitting the surety. Current bonding forms are available on the Division's web site at http://linux3.ogm.utah.gov/WebStuff/wwwroot/minerals/bonding_worksheets.html.

Thank you for your help in keeping the surety current. Please contact Mike Bradley at 801-538-5332 if you have questions concerning this requirement.

Sincerely,



Paul B. Baker
Mining Program Manager

PBB:mpb:pb

cc: Andy Bedingfield, SITLA (abedingfield@utah.gov)

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